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DECISION ECONOMICS, INC.
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Forecast Calendar

October 26, 2012

Eurozone

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 29 – November 9, 2012

29	30	31	1	2
	Retail PMI (Oct) (10:10) EU Commission Business and Consumer Survey (Oct) (11:00)	Harmonized Index of Consumer Prices, Flash (11:00) M/M Y/Y Sep 0.7% 2.6% **Oct (f) 2.6%** **Oct (c) 2.5%** Unemployment Rate (%) (SA) (11:00) May 11.3 Aug 11.4 Jun 11.4 **Sep (f) 11.5** Jul 11.4 **Sep (c) 11.4**		Purchasing Managers' Index Manufacturing, Final (10:00) Jul 44.0 **Oct (p) 45.3** Aug 45.1 **Oct (f) 45.3** Sep 46.1 **Oct (c) 45.3**
5	**6**	**7**	**8**	**9**
	Service Sector Purchasing Managers Survey, Final (10:00) Jun 47.1 Sep 46.1 Jul 47.9 **Oct (p) 46.2** Aug 47.2 **Oct (c) 46.2** Producer Prices (NSA) (11:00) M/M Y/Y Jul 0.3% 1.6% Aug 0.9% 2.7% **Sep (f) 0.3% 2.7%**	Retail Sales (SA) (11:00) M/M Y/Y Jul 0.1% -1.4% Aug 0.1% -1.3% **Sep (f) -0.3% -1.0%** EU Releases Economic Forecast Update	ECB Governing Council meeting (decision at 13:45) *(no change expected)* *Press conference at 14:30*	

M/M=month-over-month
Q/Q=quarter-over-quarter
Y/Y=year-over-year

f=forecast
r=revised
c=consensus

Recent History-Latest Results

22	23	24	25	26
Government Debt/Deficit Figures (2011) (11:00)	Consumer Confidence, Flash (Oct) (16:00)	Purchasing Managers' Index Manufacturing, Flash (10:00) May 45.1 Aug 45.1 Jun 45.1 Sep 46.1 Jul 44.0 Oct 45.3 Service Sector Purchasing Managers Survey, Flash (10:00) May 46.7 Aug 47.2 Jun 47.1 Sep 46.1 Jul 47.9 Oct 46.2 ECB President Draghi spoke in Berlin to German Parliament (14:00)	M3 Money Supply (Y/Y) (SA) (10:00) Apr 2.3 Jul 3.6 May 2.9 Aug 2.8 Jun 3.0 Sep 2.7 Private Sector Loans (Y/Y) (SA) (10:00) Apr 0.0 Jul -0.4 May -0.2 Aug -0.6 Jun -0.4 Sep -0.8	

Indicator Highlights

Key potential market-moving indicators and events include: preliminary Harmonized Consumer Prices and the Unemployment Rate (both Wed. Oct. 31, 11:00 a.m.) as well as the final Manufacturing PMI (Fri. Nov. 2, 10:00 a.m.). In the following week, there is the final Services PMI (Tue. Nov. 6, 10:00 a.m.), Producer Prices (Tue. Nov. 6, 11:00 a.m.), Retail Sales (Wed. Nov. 7, 11:00 a.m.) and the ECB Council meeting (decision due Thu. Nov. 8, 1:45 p.m.).

Final numbers for September showed that **HICP inflation** remained stable, a notch below the flash estimate. The **unemployment rate** was stable in August at a record-high, still clearly up from the cycle-low set in April last year. The October flash **manufacturing PMI** slid afresh, unwinding most of the gain seen in the six-month high seen in September. The October flash **services PMI** edged up slightly after the clear fall seen in September. August **producer prices** rose further and more steeply. Real **retail sales** rose a little further in August, with the gain matching that seen in July.

Indicator	Forecast	Consensus	Analysis
Consumer Prices – HICP (Flash) (NSA)			
Y/Y	2.6%	2.5%	Stable for second successive month.
Unemployment Rate (SA)	11.5%	11.4%	New record-high?
Purchasing Managers' Index (SA) - Final			
- Manufacturing	45.3	45.3	No revision envisaged.
Purchasing Managers' Index (SA) - Final			
- Services	46.2		No revision envisaged.
Producer Prices			
M/M	0.3%		More modest gain.
Y/Y	2.7%		
Retail Sales (SA)			
M/M	-0.3%		First M/M fall in five months?
Y/Y	-1.0%		

Post Mortem—Prior Week Results

Consumer Sentiment Edges Back Up. The flash consumer confidence reading for October rose for the first month in five. Indeed, it edged up 0.3 points to -25.6, recovering from a September reading that was the lowest since May 2009.

Contraction Continues? Very much reiterating the message of the previous data, the manufacturing PMI slid afresh, with a 0.8 point drop to 45.3, unwinding most of the gain seen in the six-month high seen in September. In contrast, the flash services PMI moved in the opposite direction, edging up just 0.1 point after the clear fall seen in September.

Lending Weakness Continues. September M3 money supply growth slowed for a second successive month, albeit easing back only a further 0.1 percentage point to 2.7% Y/Y, thereby backing off additionally from a 3.6% July reading that was the highest since May 2009.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 2nd Floor
London EC2M 4QP
Telephone: 011-44-20-7959-3045
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

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Forecast Calendar

October 26, 2012

United Kingdom

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 29 – November 9, 2012

29 BoE Lending to Individuals (9:30) Mortgage Lending (SA, Net, £ Billion) May 0.5 Aug -0.3 Jun -0.3 **Sep (f) 0.2** Jul 0.9 **Sep (c) 0.5** M4 Money Supply (SA) (9:30) M/M Y/Y Aug 0.2% -4.1% **Sep (f) 0.3% -3.4%** M4 Lending (9:30) (SA, Change, £ billion) Jun -29.7 Aug -5.5 Jul -9.3 **Sep (f) -1.0**	**30** CBI Distributive Trades Monthly Survey (Oct) (11:00)	**31** GfK Consumer Confidence (Oct) (00:01)	**1** Nationwide House Prices (Oct) (7:00) Purchasing Managers' Survey - Manufacturing (SA) (9:30) Jun 48.4 Sep 48.4 Jul 45.2 **Oct (f) 49.5** Aug 49.6 **Oct (c) 48.0**	**2** Purchasing Managers' Survey – Construction (SA) (Oct) (9:30)
5 Purchasing Managers' Survey - Services (SA) (9:30) May 53.3 Aug 53.7 Jun 51.3 Sep 52.2 Jul 51.0 **Oct (f) 52.5** **Possibly from today:** HBOS House Prices (Oct) (8:00)	**6** BRC Retail Sales Monitor (Oct) (00:01) Manufacturing Production (SA) (9:30) MM Y/Y Jul 3.1% -0.7% Aug -1.1% -1.2% **Sep (f) 1.0% -0.2%** Industrial Production (SA) (9:30) M/M Y/Y Jul 2.8% -0.8% Aug -0.5% -1.2% **Sep (f) -0.5% -1.3%** New Car Registrations (Oct)	**7** BRC Shop Price Index (Oct) (00:01) Narrow Money & Reserve Balances (Oct) (9:30)	**8** Bank of England MPC meeting (rate announcement 12 noon – *no further asset purchases expected)*	**9** Visible Trade Balance, Global (SA) (£ Million) (9:30) Jun -10068 Aug -9844 Jul -7337 **Sep (f) -10000** Construction Output (Sep) (9:30)

M/M=month-over-month
Q/Q=quarter-over-quarter
Y/Y=year-over-year

f=forecast
r=revised
c=consensus

Recent History-Latest Results

22	**23** British Bankers Association Consumer Lending (Sep) (9:30)	**24** CBI Industrial Trends Quarterly Survey (Oct) (11:00)	**25** Gross Domestic Product, First Estimate (SA) (9:30) Q/Q Y/Y QI'12 -0.3% -0.1% QII'12 -0.4% -0.5% QIII'12 1.0% unch Index of Services (Aug) (9:30)	**26**

Indicator Highlights

United Kingdom

Key potential market-moving indicators and events include: BoE data on Lending to Individuals and Money Supply (Mon. Oct. 29, 9:30 a.m.) as well as the Manufacturing PMI (Thu. Nov. 1, 9:30 a.m.). In the following week, there is the Services PMI (Mon. Nov. 5, 9:30 a.m.), Industrial Production (Tue. Nov. 6, 9:30 a.m.), the Bank of England Monetary Policy Committee Meeting (rate decision announced Thu. Nov. 8, 12 noon) and the Trade Balance (Fri. Nov. 9, 9:30 a.m.).

BoE numbers on underlying **monetary dynamics** showed a M/M rise in underlying M4, accentuating the July gain. According to BoE-computed data, the number of **mortgage approvals** rose a little further in August, albeit with the rise merely accentuating the jump seen in July, when approvals recovered from the lowest reading since end-2010. The headline **manufacturing PMI** dropped afresh in September, albeit only unwinding some of the jump seen in August, when the index recovered from the lowest reading since May 2009. The September **services PMI** dropped, thereby unwinding just over half of the bounce seen in August. August **manufacturing output** fell, albeit unwinding only some of the jump seen in the previous month. Showing another shortfall, the total **visible trade** deficit widened sharply in August from July.

Indicator	Forecast	Consensus	Analysis
BoE Mortgage Lending (SA, Net)	£ 0.2 bln	£ 0.5 bln	More focus on mortgage applications.
Money Supply, M4			
M/M	0.3%		Improving trend emerging?
Y/Y	-3.4%		
Purchasing Managers' Index (SA)			
- Manufacturing	49.5	48.0	Series very volatile, more clues from CBI numbers this week.
Purchasing Managers' Index (SA)			
- Services	52.5		Modest growth still being signaled.
Industrial Production (SA)			
M/M	-0.5%		Consistent with Q3 GDP release details.
Y/Y	-1.3%		
Visible Trade Balance, Global (SA)	-£ 10 000 mln		Exports fall further.

Post Mortem—Prior Week Results

Mortgage Approvals Increase. According to the British Bankers' Association, net mortgage lending in August rose by £ 0.3 bln.

Manufacturing Orders Hit Afresh. The CBI Industrial Trends survey for October showed a fresh and sizeable slump in orders. Indeed, overall orders slumped 15 points (to -23), the worst reading since the end of last year.

Activity Jumps Back Clearly. Real GDP jumped by 1.0% in Q/Q terms last quarter, very much ending the formal recession which saw a three quarter long period of contraction, including the 0.4% Q2 fall.

Services Bounce More Clearly. The index of services rose by 1.7 % Y/Y in August.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 2nd Floor
London EC2M 4QP
Telephone: 011-44-20-7959-3045
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

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Germany

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October 29 – November 9, 2012

29

Cost-of-Living, Preliminary (NSA)

	M/M	Y/Y
Sep	unch	2.0%
Oct (f)	**0.1%**	**2.0%**
Oct (c)	**-0.1%**	**1.9%**

30

Unemployment (Change, 000's) (SA) (9:55)

Aug	11	**Oct (f)**	**7**
Sep	9	**Oct (c)**	**10**

Employment (Change, 000's) (SA) (9:55)

Jun	25	Aug	4
Jul	16	**Sep (f)**	**5**

31

Real Retail Sales (M/M) (SA) (8:00)

May	-0.1%	Aug	0.1%
Jun	0.6%	**Sep (f)**	**unch**
Jul	-1.3%	**Sep (c)**	**0.5%**

1

2

Purchasing Managers Survey Manufacturing, Final (SA) (9:45)

Jul	43.0	**Oct (p)**	**45.7**
Aug	44.7	**Oct (f)**	**45.7**
Sep	47.4	**Oct (c)**	**45.7**

5

Possibly from today…

Wholesale Price Index (NSA) (8:00)

	M/M	Y/Y
Aug	1.1%	3.1%
Sep	1.3%	4.2%
Oct (f)	**-0.5%**	**4.7%**

6

Purchasing Managers Survey Services, Final (SA) (9:45)

Jun	49.9	Sep	49.7
Jul	50.3	**Oct (p)**	**49.3**
Aug	48.3	**Oct (f)**	**49.3**

Manufacturing Orders, (M/M) (SA), (12 noon)

Apr	-1.2%	Jul	0.3%
May	0.8%	Aug	-1.3%
Jun	-1.6%	**Sep (f)**	**-1.5%**

7

Industrial Production (M/M) (SA) (12 noon)

Jun	-0.4%	Aug	-0.5%
Jul	1.2%	**Sep (f)**	**-0.5%**

Manufacturing & Mining Output (M/M) (SA), (12 noon)

Jun	-0.8%	Aug	-0.5%
Jul	1.5%	**Sep (f)**	**-0.5%**

8

Trade Balance (NSA) (Euro billion) (8:00)

	2012	2011
Jul	16.9	10.4
Aug	16.3	11.7
Sep (f)	**17.5**	17.1

Current Account (NSA) (Euro billion) (8:00)

	2012	2011
Jul	11.7	8.3
Aug	11.1	7.9
Sep (f)	**17.3**	16.8

ECB Governing Council meeting (decision at 13:45)
(no change expected)
Press conference at 14:30

9

Cost-of-Living, Final (NSA) (8:00)

	M/M	Y/Y
Aug	0.4%	2.1%
Sep	unch	2.0%
Oct (f)	**0.1%**	**2.0%**

M/M=month-over-month
Q/Q=quarter-over-quarter
Y/Y=year-over-year

f=forecast
r=revised
c=consensus

Recent History-Latest Results

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Purchasing Managers' Survey Manufacturing, Flash (SA) (9:30)

May	45.2	Aug	44.7
Jun	45.0	Sep	47.4
Jul	43.0	Oct	45.7

Purchasing Managers' Survey Services, Flash (SA) (9:30)

May	51.8	Aug	48.3
Jun	49.9	Sep	49.7
Jul	50.3	Oct	49.3

Ifo Survey (SA) (2005=100) (10:00)

May	106.7	Aug	102.3
Jun	105.1	Sep	101.4
Jul	103.2	Oct	100.0

25

Construction Orders (Aug) (8:00)

26

Import Prices (NSA) (8:00)

	M/M	Y/Y
Jul	0.7%	1.2%
Aug	1.3%	3.2%
Sep	-0.7%	1.8%

GfK Consumer Confidence Outlook (Oct) (8:00)

Indicator Highlights

Germany

Key potential market-moving indicators and events include: Preliminary Consumer Prices (Mon. Oct. 29), Unemployment (Tue. Oct. 30, 9:55 a.m.), Retail Sales (Wed. Oct. 31, 8.00 a.m.) and the final Manufacturing PMI (Fri. Nov. 2, 9:55 a.m.). In the following week, there are the final Services PMI (Tue. Nov. 6, 9:55 a.m.), Manufacturing Orders (Tue. Nov. 6, 12 noon), Industrial Production (Wed. Nov. 7, 12 noon), Trade Balance and Current Account (Wed. Nov. 8, 8:00 a.m.), final Consumer Prices (Thu. Nov. 9, 8:00 a.m.) and possibly Wholesale Prices.

According to final data, September **CPI inflation** fell back, corroborating the preliminary numbers. **Unemployment** increased for the sixth successive month in September. The October flash **manufacturing PMI** fell afresh, unwinding mush of the gain of the previous month when the index hit a six-month high. According to Federal Statistics Office data, real **retail sales** rose in M/M terms in August, an outcome that failed to reverse the slump of the previous month. The October flash **services PMI** eased, albeit unwinding only some of the gain seen in September. **Manufacturing orders** dropped afresh in August, with the fall more than unwinding the bounce seen in July. August **industrial production** dropped back, unwinding only part of the bounce of the previous month. The August (unadjusted) **trade** surplus widened from the same month of last year, but down from the July reading. **Wholesale prices** jumped in M/M terms in September, thereby accentuating the August increase, the former now the third successive rise.

Indicator	Forecast	Consensus	Analysis
Consumer Prices – Preliminary (NSA)			
M/M	0.1%	-0.1%	Fuel price fall afresh; education costs the main
Y/Y	2.0%	1.9%	uncertainty.
Unemployment, (SA) (change, 000's)	7	10	Employment still growing?
Retail Sales ex. Autos & Gas (Volume, SA) (M/M)	unch	0.5%	Series still volatile.
Purchasing Managers' Index (SA) - Final - Manufacturing	45.7		No revision expected.
Purchasing Managers' Index (SA) - Final - Services	49.3		No revision expected.
Manufacturing Orders, (SA)			
M/M	-1.5%		Echoes survey results?
Industrial Production, (SA)			
M/M	-0.5%		Still implies clear jump in Q3.
Trade Balance, (NSA)	€ 17.5 bln		Exports drop back.
Consumer Prices – Final (NSA)			
M/M	0.1%		See above.
Y/Y	2.0%		
Wholesale Prices (NSA)			
M/M	-0.5%		First M/M fall in four months.
Y/Y	4.7%		

Post Mortem—Prior Week Results

Ifo Survey Eases Further. The October Ifo business climate index fell 1.4 points to 100.0, a sixth successive drop, with the headline figure no longer implying even somewhat above-par level of activity.

Softer Survey Messages. The latest (October) flash PMI numbers unexpectedly revealed worse fortunes for the private sector. Specifically, the manufacturing PMI fell afresh, losing 1.7 points to 45.7, unwinding mush of the gain of the previous month when the index hit a six-month high. Meanwhile, the services PMI was also softer than expected, easing 0.4 points to 49.3, unwinding only some of the 1.4 point gain seen in September.

Construction Orders Rise More Sharply. August construction orders jumped 5.3% M/M, a second successive bounce and one that was much more marked than the 1.7% increase seen in July.

Consumer Confidence Hits New High. The GfK measure of the consumer confidence outlook for November rose 0.2 point to 6.3, the highest in around five years. The detail backdrop (for October) showed largely stronger messages, with the most notable being a rise back price expectations.

Import Prices Drop Back Clearly. Import prices dropped 0.7% in M/M terms in September and a drop that was unwound around half the rise seen in the previous month.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 2nd Floor
London EC2M 4QP
Telephone: 011-44-20-7959-3045
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

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Forecast Calendar

October 26, 2012

France

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 29 – November 9, 2012

29	30	31	1	2
	Housing Starts (Sep) (8:45)	Household Consumption of Goods (SA) (8:45) M/M Y/Y Aug -0.8% -0.5% **Sep (f) 0.5% -0.1%** **Sep (c) 0.1% -0.2%** Producer Prices (NSA) (8:45) M/M Y/Y Aug 1.2% 2.6% **Sep (f) 0.3% 2.5%** **Sep (c) 0.1% 2.3%**	New Car Registrations (Oct)	Purchasing Managers' Index Manufacturing, Final (SA) (9:50) Jul 43.4 **Oct (p) 43.5** Aug 46.0 **Oct (f) 43.5** Sep 42.7 **Oct (c) 43.5**
5	**6**	**7**	**8**	**9**
Possibly from today: BoF Business Sentiment Survey (Oct) (8:45)	Purchasing Managers' Index Services, Final (SA) (9:50) Jun 47.9 Sep 45.0 Jul 50.0 **Oct (p) 46.2** Aug 49.2 **Oct (f) 46.2**		Visible Trade Balance (SA) (8:45) (Euro Billion) Apr -6.26 Jul -4.06 May -5.64 Aug -5.29 Jun -6.48 **Sep (f) -6.25** ECB Governing Council meeting (decision at 13:45) *(no change expected)* *Press conference at 14:30*	Industrial Production, exc. Construction (SA) (8:45) M/M Y/Y Jul 0.6% -2.8% Aug 1.5% -0.9% **Sep (f) -1.0% -0.2%** Manufacturing Production (SA) (8:45) M/M Y/Y Jul 1.0% -2.6% Aug 1.8% -0.4% **Sep (f) -1.3% unch** Central Government Budget (Sep) (8:45) INSEE Quarterly Survey of Investment (Oct) (8:45)

M/M=month-over-month
Q/Q=quarter-over-quarter
Y/Y=year-over-year

f=forecast
r=revised
c=consensus

Recent History-Latest Results

22	23	24	25	26
	INSEE Monthly Survey of Industry (Oct) (8:45)	Purchasing Managers' Index Manufacturing, Flash (SA) (9:00) May 44.7 Aug 46.0 Jun 45.2 Sep 42.7 Jul 43.4 Oct 43.5 Purchasing Managers' Index Services, Flash (SA) (9:00) May 45.1 Aug 49.2 Jun 47.9 Sep 45.0 Jul 50.0 Oct 46.2 Unemployment (Sep) (18:00)		INSEE Monthly Survey of Households (Oct) (8:45) INSEE Quarterly Survey of Industry (Oct) (8:45)

Indicator Highlights

Key potential market-moving indicators and events include: Household Consumption and Producer Prices (both Wed. Oct. 31, 8:45 a.m.) as well as the final Manufacturing PMI (Fri. Nov. 2, 9:50 a.m.). In the following week, there is the final Services PMI (Tue. Nov. 6, 9:50 a.m.), the Trade Balance (Thu. Nov. 8, 8:45 a.m.) and Industrial Production (Fri. Nov. 9, 8:45 a.m.).

Household spending on goods in August dropped in M/M terms, thereby reversing the rises seen in each of the two previous months. **Producer prices** jumped in M/M terms in August, three times the size of the bounce seen in July. The October flash **manufacturing PMI** improved, but only unwinding a little of the September slump. The October flash **services PMI** rose afresh, thereby recovering from an 11-month low. The August **trade gap** widened afresh from the shortfall in July. **Manufacturing output** jumped in M/M terms in August, accentuating the rise seen in the previous month and also being the third successive rise.

Indicator	Forecast	Consensus	Analysis
Household Consumption (SA)			
M/M	0.5%	0.1%	Implies improved Q3 outcome.
Y/Y	-0.1%	-0.2%	
Producer Prices (NSA)			
M/M	0.3%	0.2%	Third successive rise?
Y/Y	2.5%	2.3%	
Purchasing Managers' Index (SA)			
- Manufacturing – Final	43.5	43.5	No revision expected.
Purchasing Managers' Index (SA)			
- Services – Final	46.2		No revision expected.
Visible Trade (SA)	-€ 6.25 bln		Exports correct back.
Industrial Production (SA)			
M/M	-1.0%		Still suggests solid Q3 gain in output.
Y/Y	-0.2%		

Post Mortem—Prior Week Results

Business Sentiment Deteriorates. The October INSEE industry confidence indicator fell by 5 points to 95, hitting the lowest in over three years and more than reversing the one point improvement seen in August.

Slightly Better Survey Messages. The October flash PMIs showed less sobering messages that point to an overall economy sliding less clearly. Most notably, the services PMI rose afresh, rising 1.2 points (to 46.2), thereby recovering from an 11-month low of 45.0. Meanwhile, the manufacturing PMI also rose, but by just 0.8 point, with the 43.5 reading thereby seeing only a little of the 3.3 points September slump unwound.

Consumer Confidence Slips Further. Largely as expected, the October INSEE-computed consumer confidence index dropped one more point to 84, still the lowest reading since February. Notably, the willingness to make major purchases failed to turn any more negative.

Manufacturing Demand Weakness Continues. The October INSEE quarterly survey of manufacturing revealed continued clear weakness in the sector, albeit with the net balance for overall demand a little less negative, rising four points to -21.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 2nd Floor
London EC2M 4QP
Telephone: 011-44-20-7959-3045
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

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Forecast Calendar

October 26, 2012

Italy

Economic Indicators—Schedule and Forecasts (Local Times)

Wroblewski/Liu

October 29 – November 9, 2012

29	30	31	1	2
		NIC Consumer Prices, Preliminary, (NSA) (10:00) M/M Y/Y Sep unch 3.2% **Oct (f) 0.3% 2.9%** **Oct (c) 0.3% 3.0%** Producer Prices (NSA) (11:00) M/M Y/Y Aug 0.8% 3.0% **Sep (f) 0.3% 3.1%**	New Car Registrations (Oct)	Purchasing Managers' Survey Manufacturing (SA) (9:45) Jun 44.6 Sep 45.7 Jul 44.3 **Oct (f) 45.0** Aug 43.6 **Oct (c) 44.5**
5	**6**	**7**	**8**	**9**
	Purchasing Managers Survey Service (SA) (9:45) May 42.8 Aug 44.0 Jun 43.1 Sep 44.5 Jul 43.0 **Oct (f) 44.0**		ECB Governing Council meeting (decision at 13:45) *(no change expected)* *Press conference at 14:30*	Industrial Production* (10:00) M/M Y/Y Jul -0.1% -7.2% Aug 1.7% -5.2% **Sep (f) -1.0% -9.0%**

* M/M is seasonally-adjusted and working day adjusted. Y/Y is not seasonally adjusted but working-day adjusted.

Q/Q=quarter-over-quarter
Y/Y=year-over-year
M/M=month-over-month
r=revised
c=consensus
f=forecast

Recent History-Latest Results

22	23	24	25	26
		ISAE Consumer Sentiment (Oct) (10:00)	Hourly Wages (NSA) (Y/Y) (10:00) Apr 1.4% Jul 1.5% May 1.4% Aug 1.6% Jun 1.5% Sep 1.4% Retail Sales (NSA) (Y/Y) (11:00) Mar 1.5% Jun -0.5% Apr -6.8% Jul -3.2% May -1.7% Aug -1.0%	ISAE Business Sentiment (Oct) (10:00)

Key potential market-moving indicators and events include: Consumer Prices (Wed. Oct. 31, 10:00 a.m.), Producer Prices (Wed. Oct. 31, 11:00 a.m.) and the Manufacturing PMI (Fri. Nov. 2, 9:45 a.m.). In the following week, there is the Services PMI (Tue. Nov. 6, 9:45 a.m.) and Industrial Production (Fri. Nov. 9, 10:00 a.m.).

Matching preliminary data, final numbers showed **consumer price inflation** stable in September from the previous month, still up from a July reading which had been the lowest in almost a year. The **manufacturing PMI** recovered in September to a six-month high. The September **services PMI** rose, the fourth rise in five months. August **industrial production** rose for the first time in three months, with the seasonally adjusted M/M jump being the strongest reading in almost two years.

Indicator	Forecast	Consensus	Analysis
Consumer Prices – Preliminary (NSA)			
M/M	0.3%	0.3%	Base effects help bring Y/Y rate to 14-month low.
Y/Y	2.9%	3.0%	
Producer Prices (NSA)			
M/M	0.3%		Y/Y rate highest since February.
Y/Y	3.1%		
Purchasing Managers' Index (SA)			
- Manufacturing	45.0	44.5	Corrects back.
Purchasing Managers' Index (SA)			
- Services	44.0		Moving sideways.
Industrial Production*			
M/M	-1.0%		Still implies no worse than flat Q3, i.e. ending a run of four
Y/Y	-9.0%		negative quarters.

* M/M is seasonally-adjusted and working day adjusted. Y/Y is not seasonally adjusted but working-day adjusted.

Post Mortem—Prior Week Results

Consumer Sentiment Little Changed. The October consumer confidence index, as measured by ISAE, edged up slightly further. Specifically, it rose 0.2 point to 86.4.

Retail Sales Weakness Less Acute. Unadjusted nominal retail sales dropped 1.0% Y/Y in August, a much less steep fall than the 3.2% decline posted in the preceding month.

Softer Wage Growth. Hourly wage growth for September fell 0.2 percentage point to 1.4% Y/Y, thereby moving back toward the cycle-low of 1.2% posted in March.

Manufacturing Confidence Drops Backs. Undershooting expectations this time around, the October ISAE business confidence dropped back, easing 0.7 point to 87.6, largely reversing the rise of the previous month.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 2nd Floor
London EC2M 4QP
Telephone: 011-44-20-7959-3045
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

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Forecast Calendar

October 26, 2012

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

October 29 – November 9, 2012 (Local Times)

29

BOJ Monetary Policy Meeting

Retail Sales (Y/Y) (8:50)

Apr	5.7%	Jul	-0.8%
May	3.6%	Aug	1.7%
Jun	0.2%	**Sep (f)**	**1.0%**

30

BOJ Monetary Policy Meeting

Unemployment Rate (SA) (8:30)

Apr	4.6%	Jul	4.3%
May	4.4%	Aug	4.2%
Jun	4.3%	**Sep (f)**	**4.3%**

Effective Job Offers to Applicants Ratio (8:30)

Apr	0.79	Jul	0.83
May	0.81	Aug	0.83
Jun	0.82	**Sep (f)**	**0.83**

Family Income and Expenditure Survey (Real) (Y/Y) (8:30)

	PCE (All)	PCE (Workers)	Disp. Income
Jul	1.7%	1.5%	-4.0%
Aug	1.8%	0.9%	2.6%
Sep (f)	**1.8%**	**1.0%**	**unch**

Industrial Production (SA) (M/M) (8:50)

Apr	-0.2%	Jul	-1.0%
May	-3.4%	Aug	-1.6%
Jun	0.4%	**Sep (f)**	**-2.5%**

BOJ Semiannual Outlook for Economic Activity and Prices (15:00) (October)

BOJ Shirakawa Press Conference (15:30)

31

Housing Starts (Y/Y) (14:00)

Apr	10.3%	Jul	-9.6%
May	9.3%	Aug	-5.5%
Jun	-0.2%	**Sep (f)**	**5.0%**

MOF FX Intervention Report (19:00) (October)

1

Vehicle Sales (Y/Y) (14:00)

May	66.3%	Aug	7.3%
Jun	40.9%	Sep	-8.1%
Jul	36.1%	**Oct (f)**	**-15.0%**

2

BOJ Monetary Policy Meeting Minutes (8:50) (October 4,5)

5

6

Business Conditions Composite Indexes (Prelim.) (14:00)

	Leading	Coincident
Jul	93.0	93.8
Aug	93.2	93.5
Sep (f)	**93.2**	**93.0**

7

Official Reserves ($Billion, NSA) (8:50)

May	1277.7	Aug	1273.2
Jun	1270.5	Sep	1277.0
Jul	1272.8	**Oct (f)**	**1279.0**

8

Current Account Balance (¥Billion, NSA) (8:50)

	2012	2011
Jul	625.4	1053.7
Aug	454.7	436.3
Sep (f)	**785.0**	1610.7

Current Account Visible Trade (¥Billion, NSA) (8:50)

	2012	2011
Jul	-373.6	141.8
Aug	-644.5	-690.3
Sep (f)	**-460.0**	372.3

Bank Lending (Y/Y) (8:50)

May	0.2%	Aug	0.8%
Jun	0.6%	Sep	1.0%
Jul	0.7%	**Oct (f)**	**1.0%**

Machinery Orders, Core (SA) (8:50)

Apr	5.7%	Jul	4.6%
May	-14.8%	Aug	-3.3%
Jun	5.6%	**Sep (f)**	**1.5%**

9

Money Supply (M2) (Y/Y) (8:50)

May	2.2%	Aug	2.4%
Jun	2.3%	Sep	2.4%
Jul	2.3%	**Oct (f)**	**2.4%**

M/M=month-over-month f= forecast
Y/Y=year-over-year c=consensus

Recent History-Latest Results

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BOJ Branch Managers Meeting

BOJ Senior Loan Officer Opinion Survey (8:50) (October)

Merchandise Trade Balance (¥Billion, NSA) (8:50)

	2012	2011
Jul	-522.6	69.7
Aug	-755.9	-777.5
Sep	-558.6	288.8

BOJ Regional Economic Report (14:30) (October)

23

24

25

Corporate Services Prices (Y/Y) (8:50)

Apr	0.3%	Jul	-0.3%
May	0.1%	Aug	-0.3%
Jun	-0.3%	Sep	-0.5%

26

Tokyo CPI (Y/Y) (8:30)

	Total	Ex-Fresh Food
Aug	-0.7%	-0.5%
Sep	-0.7%	-0.4%
Oct	-0.8%	-0.4%

Nationwide CPI (Y/Y) (8:30)

	Total	Ex-Fresh Food
Jul	-0.4%	-0.3%
Aug	-0.4%	-0.3%
Sep	-0.3%	-0.1%

Indicator Highlights

Key potential market-moving indicators and events include: Retail Sales (Mon., Oct. 29, 8:50); the BOJ Monetary Policy Meeting (Mon. & Tue., October 29-30); Unemployment Rate and Effective Job Offers to Applicants Ratio (Tue., Oct. 30, 8:30); Family Income and Expenditure Survey (Real) (Tue., Oct. 30, 8:30); Industrial Production (Tue., Oct. 30, 8:50); Housing Starts (Wed., Oct. 31, 14:00); Bank Lending (Thu., Nov. 8, 8:50); Machinery Orders (Core) (Thu., Nov. 8, 8:50); and Money Supply (M2) (Fri., Nov. 9, 8:50).

Retail sales and the family survey track household willingness to spend, where continuing relative enthusiasm is imperative for the economy to resume normal growth. The BOJ meeting will see a formal downgrading of the economic outlook—and probably more QE. Labor market data, for their part, will give an update on a key consumer-sector fundamental, as well as a coarse reading on current general-economy production activity. Industrial production and housing starts data supply direct production readings for major sectors.

Bank lending and money supply results help gauge the moderately growing flows through a key financial-intermediation channel. Machinery orders, meanwhile, give a reading on business confidence.

Indicator	Forecast	Consensus	Analysis
Retail Sales (Y/Y)	+1.0%		Roughly flat on a running basis.
Unemployment Rate (SA)	4.3%		Gives back some ground.
Effective Job Offers to Applicants Ratio	0.83		Demand stagnates.
Family Income and Expenditure Survey (Real) (Y/Y)			
PCE (All)	+1.8%		Steady trend, for now.
PCE (Workers)	+1.0%		
Disposable Income	unch		
Industrial Production (SA) (M/M)	-2.5%		Production schedules very negative.
Housing Starts (Y/Y)	+5.0%		Adjusted level firmer.
Vehicle Sales (Y/Y)	-15.0%		Loss of purchase subsidies pulls down sales.
Business Conditions Composite Indexes (Prelim.)			
Leading	93.2		Continuing to fade.
Coincident	93.0		
Official Reserves (NSA)	$1279.0 Billion		Mild, largely income-driven, rise.
Current Account Balance (NSA)	¥785.0 Billion		Healthy income flows support the total.
Current Account Visible Trade (NSA)	-¥460.0 Billion		
Bank Lending (Y/Y)	+1.0%		Relatively firm credit flow.
Machinery Orders, Core (SA)	+1.5%		Demand steadies, but still fragile.
Money Supply (M2) (Y/Y)	+2.4%		Comparatively healthy.

Post Mortem—Recent Data Results

Corporate Services Prices Stabilize. September corporate services prices were unchanged in M/M terms, ending a run of four successive falls. Even so, the Y/Y rate turned a little more negative at -0.5%.

Core Inflation Less Negative. Largely matching expectations again, national core CPI inflation (ex fresh food) rose 0.2 percentage point to -0.1% Y/Y in September, a four-month high. Headline CPI inflation, meanwhile, was also less negative, rising a notch to -0.3%. However, the rate excluding food and energy edged down to -0.6%.
On a more up-to-date basis, the headline Tokyo CPI reading (for October) edged down to -0.8% Y/Y, while the core (ex-fresh food) CPI inflation stayed at -0.4%.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 3rd Floor
London EC2M 4QB
Telephone: 011-44-20-7814-6706
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

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Forecast Calendar

October 26, 2012

Canada

Economic Indicators—Schedule and Forecasts

Ellis/Pumphrey/Husby

October 29 – November 9, 2012

29	30	31	1	2
	Industrial Product Prices (8:30) (NSA) M/M Y/Y Jul -0.6% 0.3% Aug -0.1% -0.4% **Sep (f) 0.2% -0.7%** **Sep (c) 0.2% -0.7%** Raw Materials Prices (8:30) (NSA) M/M Y/Y Jul 0.8% -10.1% Aug 3.3% -4.0% **Sep (f) 1.2% -4.2%** **Sep (c) 1.1% -4.3%**	Real GDP (8:30) (M/M) (SA) Apr 0.4% Jul 0.2% May 0.1% **Aug (f) 0.2%** Jun 0.1% **Aug (c) 0.2%**		Labor Force Survey (8:30) Employment (Chg, Thous., SA) Jun 7.3 Sep 52.1 Jul -30.4 **Oct (f) 15.0** Aug 34.3 **Oct (c) 10.0** Unemployment Rate (SA) Jun 7.2% Sep 7.4% Jul 7.3% **Oct (f) 7.3%** Aug 7.3% **Oct (c) 7.4%**
5	**6**	**7**	**8**	**9**
Building Permits (8:30) (M/M) (SA) Apr -4.4% Jul -2.8% May 7.1% Aug 7.9% Jun unch **Sep (f) -5.0%**	Ivey Purchasing Managers' Survey (10:00) (SA) May 60.5 Aug 62.5 Jun 49.0 Sep 60.4 Jul 62.8 **Oct (f) 57.0**		Housing Starts (8:15) (Thousand, SAAR) May 216.8 Aug 229.8 Jun 222.9 Sep 225.2 Jul 214.5 **Oct (f) 220.0** International Trade (8:30) (Balance, C$ Billion, SA) Apr -0.7 Jul -2.5 May -1.4 Aug -1.0 Jun -1.6 **Sep (f) -1.2**	

M/M=month-over-month Y/Y=year-over-year
f=forecast c=consensus p=preliminary
r= revised

Recent History-Latest Results

22	23	24	25	26
	Retail Trade (8:30) (M/M) (SA) Total Ex-Auto May 0.2% 0.4% Jun -0.3% -0.4% Jul 0.7% 0.4% Aug 0.3% 0.4% Bank of Canada Rate Decision (9:00)	Bank of Canada Monetary Policy Report (10:30)		

Indicator Highlights

Key potential market-moving indicators and events include: Monthly Real GDP (Wed., Oct. 31, 8:30 a.m.); the Labor Force Survey (Fri., Nov. 2, 8:30 a.m.); Building Permits (Mon., Nov. 5, 8:30 a.m.); Housing Starts (Thurs., Nov. 8, 8:15 a.m.); and International Trade (Thurs., Nov. 8, 8:30 a.m.).

The Monthly Real GDP report will update broad growth trends, with signs pointing to soft performance in the near term, as external headwinds combine with modest domestic consumption growth. Meaningful labor market gains (e.g. full-time private sector jobs) have slowed over recent months as volatile part-time employment has driven the headline figure the past two months. Expect only mild gains in September as the recent trend of mediocre growth does not support major jobs gains.

Building permits numbers are notoriously volatile, but positive data is still a leading indicator for the business cycle. The Finance Ministry tightened mortgage rules for the fourth time in July, and this is beginning to impact permits. Housing starts data likely show moderation from recent highs—again on tighter mortgage rules—but will still remain above the sustainable long run pace. The International Trade Balance report likely will show another deficit, as decreasing global demand and a strong currency drag on Canadian exports even as commodity prices are again on the upswing.

Indicator	Forecast	Consensus	Analysis
Industrial Product Prices (NSA)			
M/M	+0.2%	+0.2%	Very mild increase after string of declines.
Y/Y	-0.7%	-0.7%	
Raw Materials Prices (NSA)			
M/M	+1.2%	+1.1%	Commodity prices back on uptrend.
Y/Y	-4.2%	-4.3%	
Real GDP (M/M) (SA)	+0.2%	+0.2%	Weak exports, soft consumer spending.
Labor Force Survey, Employment (Change, SA)	+15,000	+10,000	Modest gains in full-time employment.
Unemployment Rate (SA)	7.3%	7.4%	Falls as labor force participation rate holds steady, economy adds jobs.
Building Permits (M/M) (SA)	-5.0%		Multi-unit permits fading under stronger mortgage rules.
Ivey Purchasing Managers' Survey (SA)	57.0		Suggests expansion—survey often far more volatile than activity.
Housing Starts (SAAR)	220,000 units		Tighter mortgage rules cooling the pace of building—just a bit.
International Trade (Balance, SA)	-C$1.2 billion		Small deficit persists on strong loonie, weak global demand.

Post Mortem—Prior Week Results

Canadian retail sales advance on gasoline. Retail activity gained 0.3% m/m in August (Consensus: +0.3%; Decision Economics: +0.2%) to C$39.1 billion. Retail sales of gasoline rose 2.9% m/m as prices increased during August. Clothing sales weighed on activity, falling 1.1% m/m. Ex auto retail sales increased 0.4% m/m (Consensus and Decision Economics: +0.4%), as sales of motor vehicles and parts dropped 0.2% in August. Retail sales have increased 2.7% over the past twelve months, while ex auto gains have been slower at 1.8% y/y. This pace is well below the 4% average yearly growth since the recovery began, signaling a weaker consumer. In volume terms, sales fell 0.3% m/m.

As expected, the Bank of Canada (BoC) continues to hold policy rate. The Bank of Canada (BoC) maintained the overnight rate target at 1% where it has been since September 2010, on gradual expansion in Canada and the U.S., contracting activity in Europe, and emerging market growth which has stabilized at a lower level. The BoC Policy Statement still suggested a bias towards tightening as it has since April.

Growth to pick up. Canada expanded by 1.8% on a seasonally adjusted annualized rate (SAAR) in Q2, essentially matching the pace of the previous two quarters. The BoC is forecasting growth to pick up in the second half and post real GDP growth of 2.2% in 2012, up from 2.1% in its previous set of projections released in July. This is slightly more bullish than the DE view of 1.9% to 2.2% growth this year with risks tilted towards the downside.

Inflation to remain below target until 2013. The core inflation profile is softer than expected, but is predicted to return to 2% in the middle of 2013. Total CPI is also below the 2% target, even as commodity prices rise. The CPI is expected to return to target by the end of 2013 which is somewhat later than expected.

The DE forecast is that rates will remain on hold at least until mid-2013 as global uncertainties dampen the outlook and inflation remains below target. Overnight indexed swap markets remain uncertain, pricing in easing Monday and tilting towards tightening Tuesday. The Monetary Policy Report will be released October 24 which gives the BoC outlook for the economy and inflation as well as risks to the projection. The next BoC rate decision is December 4.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 3rd Floor
London EC2M 4QB
Telephone: 011-44-20-7814-6706
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

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